**Key Macroeconomic Indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Jul'19</th>
<th>Aug'19</th>
<th>Sept'19</th>
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<tbody>
<tr>
<td>GDP Growth (%)</td>
<td>2.01</td>
<td>2.01</td>
<td>2.01</td>
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<tr>
<td>Broad Money Supply (N’trillion)</td>
<td>64.69</td>
<td>Decreased by 0.77% in July 2019 from N65.47 trillion in Apr' 2019</td>
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<tr>
<td>Consumer Price Index (%)</td>
<td>10.92</td>
<td>Decreased by 0.22% in May 2019 from 10.94 trillion in Apr' 2019</td>
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<tr>
<td>Inflation (CPI) (%)</td>
<td>11.4</td>
<td>Increased by 11.14% in May 2019 from 11.13% in April 2019</td>
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<tr>
<td>Interest Rate (Key Rate)</td>
<td>13.5</td>
<td>Adjusted to 13.5% in March 2019 from 13.6%</td>
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<tr>
<td>Interest Rate (Commercial)</td>
<td>15.1</td>
<td>15.1</td>
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**Access Bank Rateswatch**

**Market Analysis and Outlook: July 12 – July 19, 2019**

**Global Economy**

In the US, the federal government’s June budget deficit narrowed to $13.92 billion, the Treasury Department reported, down nearly 90% from the same month a year ago. The much-tower monthly figure was affected by shifts in the timing of certain federal payments, as well as receipts. The deficit for the current fiscal year was $747 billion, higher than a $607 billion gap in the comparable fiscal year.

**Money Market**

Money market rates declined during the past week, trading at 12.5% to 12.6% following the treasury bills maturity of N185 billion and the effect of the CBN’s circular released yesterday that pegged a bank deposit placement through its Standing Deposit Facility (SDF) at N6.78 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (ON) rates settled at 15.6% and 2.5% from 15.8% and 2.3% respectively the preceding week. Similarly, the 90-day NIBOR declined to 12.28% from 12.58% the previous week. This week, we expect market liquidity to persist as the stance of the CBN is currently easy and rates would therefore remain at prevailing levels.

**Domestic Economy**

The Nigerian Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N65.20 billion to the Federal, State and Local Governments in May 2019 from the revenue generated in April 2019. The amount distributed was from the statutory account, value added tax (VAT) and exchange gain. The disbursements comprising of N518.92 billion, N84.49 billion and N79.11 billion respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N53.92 billion, states received N146.08 billion and the local governments received N26.28 billion. The oil producing states received N45.35 billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N53.38 billion, N6.78 billion and N13.2 billion respectively as cost of revenue collections. In a separate development, the Central Bank of Nigeria (CBN) introduced fresh rules for accessing its Standing Deposit Facility (SDF). Following the review, the Central Bank stated that “The remunerable daily placement of banks at the SDF shall not exceed N2 billion”. The SDF deposit of N2 billion shall be remunerated and the interest rate prescribed by the Monetary Policy Committee became effective.

**Commodities**

Food prices were the biggest contributor to the inflation of 3.05% in the previous month according to Ministry of Agriculture and Rural Development. Inflation rate also dropped to 1.6% in June 2019 from 3.05% in May as food prices rose at a softer pace while energy cost continued to decline according to the bureau of labour statistics. The core inflation rate, which excludes volatile items such as food and energy, edged up from 2.5% in April to 2.8% in May 2019.

**Foreign Exchange Market**

The local unit appreciated against the dollar across most major market segments last week. The NAIFEX window saw a slight appreciation of 3 kobo to close at N360.75. Likewise the parallel market saw an appreciation as it went up by N1 to settle at N360.75. In contrast, the official window saw a slight depreciation as it ended N360.75, a 5 kobo loss from the previous week. This week, we expect the naira to hover around prevailing levels at the various windows, boosted by the Central Bank’s sustained supply of liquidity to the market.

**Bond Market**

Bullish sentiments were noted at the bonds secondary market during the week’s trading due to a kneejerk reaction to the expected impact of the CBN’s Open Market Operational circular that reduced the remunerable daily placements by banks at the Standing Deposit Facility (SDF). Consequently, buying interest was recorded across most of the long tenured maturities. Yields of 2.9%, 3.2% and 3.4% on government instruments closed at 13.42%, 13.94% and 14.12% from 13.52%, 14.04% and 14.21% respectively the preceding week. Similarly, the 90-day NIBOR declined to 12.28% from 12.58% the previous week. New week, buying interest is expected to continue with caution from market participants.

**Markets**

Oil prices soared last week benefiting from the return of risk appetite driven by dovish Fed policy outlook and also due to a supply shock fears surrounding adverse weather in the Gulf of Mexico and lingering tension with Iran. Bonny Light, Nigerian benchmark crude settled at $67.69 per barrel last week, 4.03% lower than the previous week. On the other hand, precious metal prices declined as the US dollar climbed higher due to a kneejerk reaction to the expected impact of the CBN’s Open Market Operational circular that reduced the remunerable daily placements by banks at the Standing Deposit Facility (SDF). Following the review, the Central Bank stated that “The remunerable daily placement of banks at the SDF shall not exceed N2 billion”. The SDF deposit of N2 billion shall be remunerated and the interest rate prescribed by the Monetary Policy Committee became effective.

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